

Global Insights Report: EMEA Focus

November 2022

For this second wave of 2022 research, we surveyed over 6,000 consumers and nearly 2,000 business decision-makers from 20 countries worldwide including Australia, Brazil, Chile, China, Columbia, Denmark, Germany, India, Indonesia, Ireland, Italy, Malaysia, the Netherlands, Norway, Peru, Singapore, South Africa, Spain, the UK, and the USA.

We asked them about their online activities, fraud concerns, financial inclusion programs and business priorities. The results reveal that the digital consumer is here to stay and that their expectations for security, privacy and personalisation are only growing.

As inflation rates rise in many regions consumers are looking for more credit and increasingly taking advantage of alternative payment options such as Buy-Now-Pay-Later (BNPL). There is an upward trend in consumers using this payment method for basic goods, rather than just high-value items, as cost-of-living expenses climb.

To combat the expanding risk of fraud, businesses are continuing to prioritise investments in fraud prevention strategies and technology – a wise move as fraud rates generally increase in times of financial uncertainty. This research explores how consumers and businesses are navigating these turbulent economic times and uncovers how they are creating new opportunities.

Unless otherwise stated all statistics represent the global average of consumer and business respondents, where country-specific statistics are used the country is clearly indicated.

What we'll cover in this report:



The BNPL opportunity



How emerging technologies can combat rising fraud



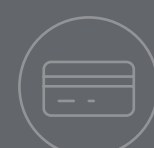
The potential for technology to further financial inclusion efforts



Business priority trends



Introduction



The BNPL opportunity



How emerging technologies can combat rising fraud



The potential for technology to further financial inclusion efforts



Business priority trends



A changing economic landscape requires a new approach





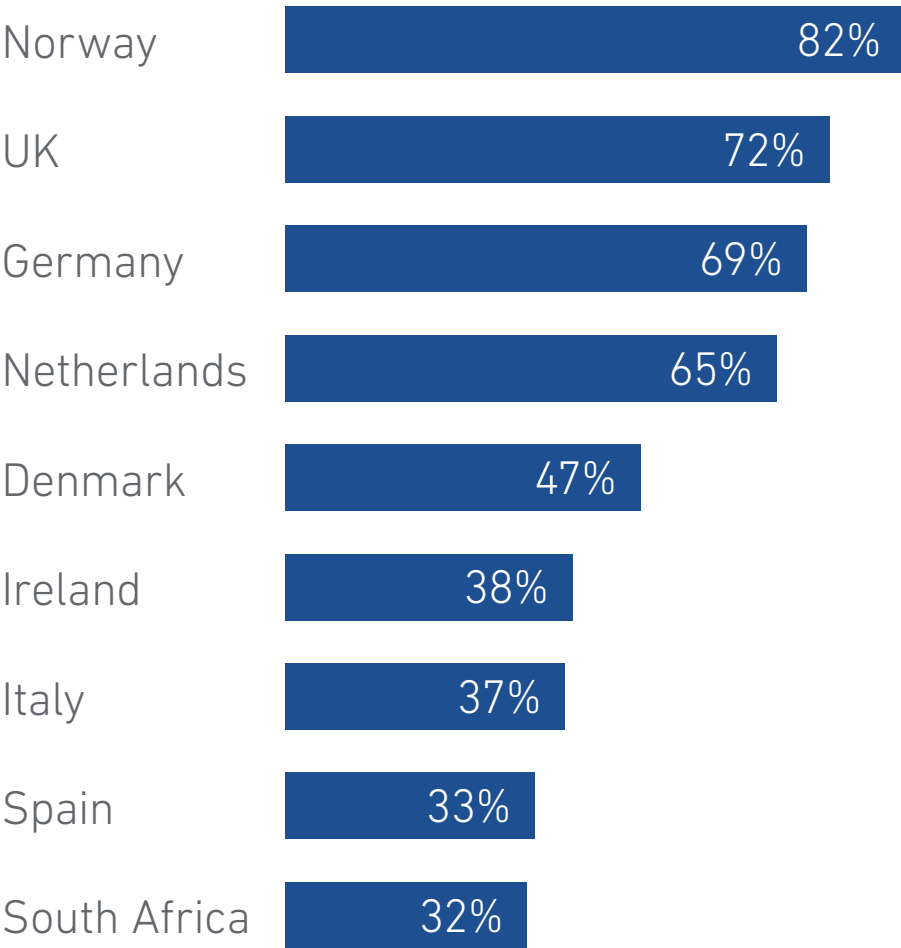
The BNPL opportunity

Awareness of BNPL is steadily growing across the globe, although there is significant variation in the level of BNPL awareness between different countries and the rate of growth. In the EMEA region, Norway has the highest level of awareness with South Africa showing the least awareness.

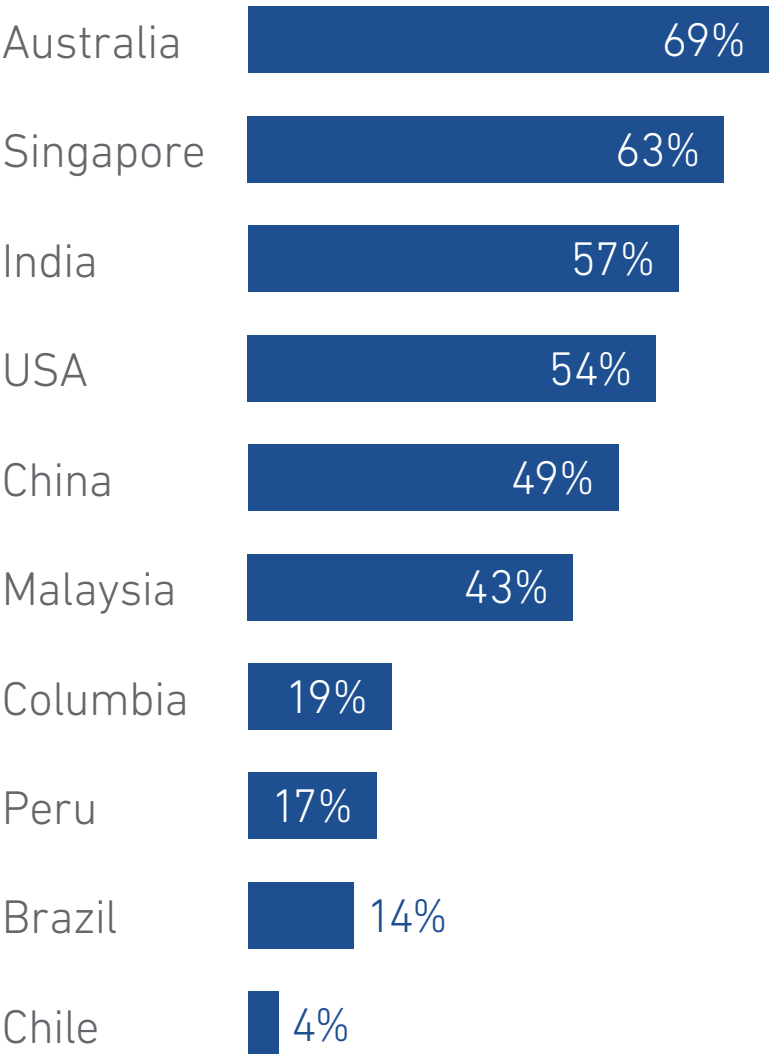


There is also a sizable difference in levels of global BNPL awareness between household income brackets. High-income households worldwide show the most awareness at 54% compared to only 39% of low-income households. This unexpected trend is mirrored in age groups, with 52% awareness for the group between 55 to 64 years old and only 40% among the 18 to 24 year old group. As familiarity with BNPL increases, there is an opportunity for businesses to provide this alternative payment method as consumers demand more flexible credit.

EMEA consumer awareness of BNPL



Global consumer awareness of BNPL



Top BNPL purchases globally

Consumers worldwide are not only using BNPL to purchase big-ticket items but also goods and services with lower transaction values, including clothing, groceries, and even takeaway food.

There is an increase in usage across most of the categories between the two waves of surveys – with groceries showing the biggest growth (5%).

Percentage of consumers using BNPL by category



Introduction



The BNPL opportunity



How emerging technologies can combat rising fraud



The potential for technology to further financial inclusion efforts



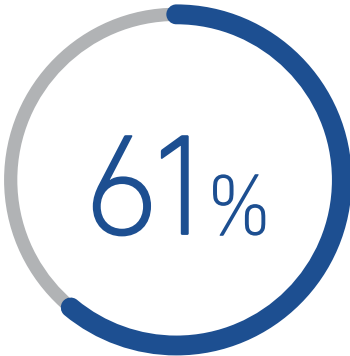
Business priority trends



A changing economic landscape requires a new approach



Why are consumers using BNPL?



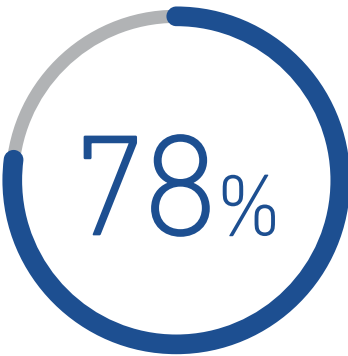
The main reason for using BNPL – for 61% of global consumers – is to make purchases that wouldn’t otherwise fit in their budget. However, a growing number of consumers are using BNPL instead of their credit card as a way to avoid paying credit card interest, with an increase from 56% to 60% between survey waves. This ties in with the 61% of consumers who believe that BNPL could replace the regular use of their credit cards.

BNPL improves brand reputation

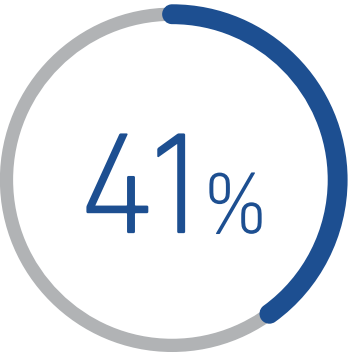
Providing a BNPL payment option can help with sales conversion, given that **67% of consumers say they use a BNPL service instead of a credit card.** This illustrates the importance of offering alternative payment methods to meet customer expectations of convenience.

As regulatory bodies worldwide look to improve oversight of BNPL providers in the coming year, there are likely to be changes in how these companies operate – specifically in regard to credit and affordability checks. Despite this proposed tightening of BNPL regulations, the appeal of zero-to-low-interest loans is changing the credit landscape and the uptake of BNPL looks set to continue on its upward trajectory.

Consumers look favourably at businesses that offer BNPL



78% of global consumers say their opinion of a brand improves when it provides BNPL
↑ Up from 74% in March



41% of businesses say the impact of BNPL on their credit risk portfolio is high
↑ Up from 34% in March





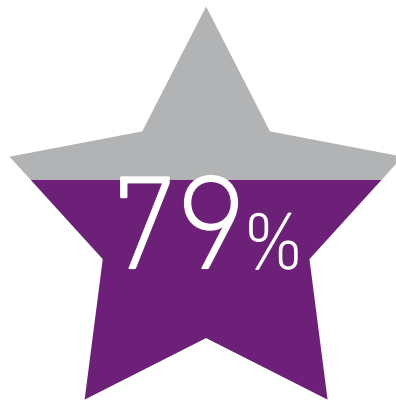
How emerging technologies can combat rising fraud

As is often the case during times of financial uncertainty, the risk of fraud increases for both consumers and businesses. This surge in fraudulent activity is clearly indicated by the 92% of business respondents that view their fraud concern as 'medium to high'. The majority of consumers are also highly concerned about fraud and identity theft.

Consumers rate their fraud concerns from 1 to 10 with 1 being 'not at all concerned' and 10 being 'very concerned'



of consumers worldwide rate their fraud concern as 1 to 5



of consumers worldwide rate their fraud concern as 5 to 10

Another clear indicator of a rising fraud threat is that businesses are prioritising investments towards improving how they detect and prevent fraud, with 94% stating that this is their top priority. As businesses look to increase digital customer acquisition and engagement – of equal importance at 94% – they need to find a careful balance between growth and increased fraud risk.

This balance between the **need for growth while preventing fraud** in the digital environment is closely linked to being able to identify customers through online verification and authentication – **a top priority for 90% of businesses**. Our research reveals that there is a considerable difference between consumer confidence in digital recognition and the confidence that businesses have.

The digital recognition gap



of businesses have high confidence in their ability to identify customers digitally



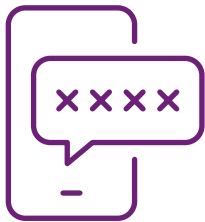
of consumers have high confidence in businesses' ability to recognise them online

The disconnect may reflect that many businesses consider a consumer recognised after they've passed through an authentication challenge. However, consumers may view the challenges as an obstacle to recognition. This gap is worth businesses' attention as their ability to recognise consumers may not match consumer expectations for the experience.

Accurate digital identity verification is crucial in reducing the risk of fraud and businesses can grow consumer trust by providing choices for recognition and authentication.

According to our survey, the top encountered online recognition methods include:

PIN codes



Passwords



Security questions



Introduction



The BNPL opportunity



How emerging technologies can combat rising fraud



The potential for technology to further financial inclusion efforts



Business priority trends



A changing economic landscape requires a new approach



WE ASKED

Which online recognition methods have you encountered in the last six months

Yet consumers globally continue to express the most confidence in physical biometrics, PIN Codes and behavioural biometrics. Of these three, physical biometrics remains the online recognition method that most strongly enhances the perceptions of a business and behavioural biometrics is the second choice.

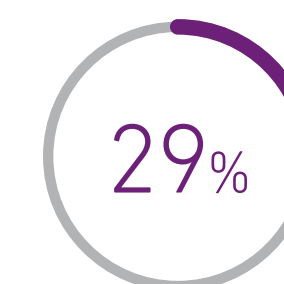
To clarify the difference between physical and behavioural biometrics for our survey respondents the following examples were provided to ensure that they had an adequate understanding of each type of biometric identification and could provide an accurate response.

Physical biometrics – such as facial recognition, fingerprint login, voice recognition and retinal eye scan recognition

Behavioural biometrics – such as speech pattern analysis, keystroke dynamics and signature analysis



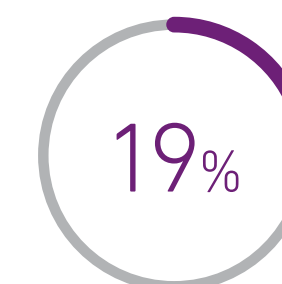
PIN codes



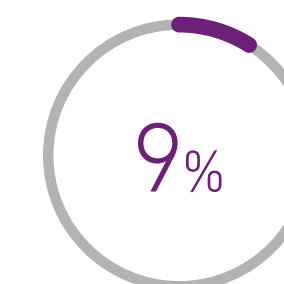
Passwords



Security questions



Physical biometrics



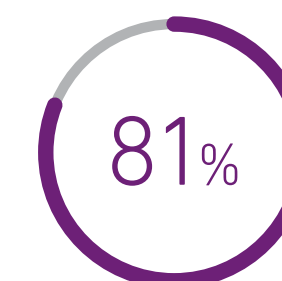
Behavioural biometrics

WE ASKED

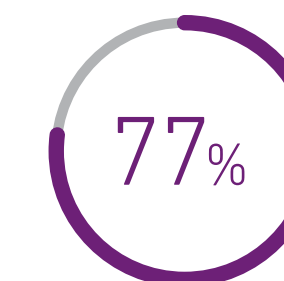
How secure do these methods make you feel when verifying your identity digitally

The responses indicate that there is a large difference between what businesses are providing (PIN codes, passwords and security questions) and what consumers have confidence in and what enhances business perception (physical and behavioural biometrics).

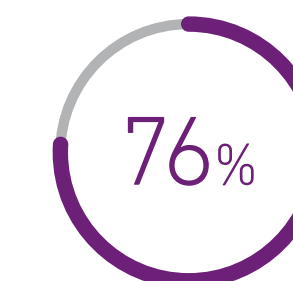
Consumers also expect that businesses will do what it takes to protect their online personal data, account information and privacy. Our research shows that they would prefer that businesses assume the responsibility of online security over themselves.



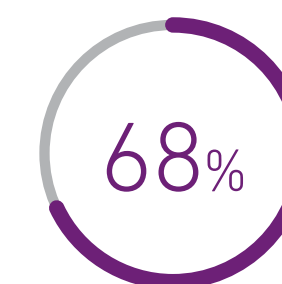
Physical biometrics



PIN codes



Behavioural biometrics



Security questions

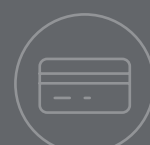


Passwords

**In South Africa 84% say physical biometrics is the most secure
In Norway 88% say behavioural biometrics is the most secure**



Introduction



The BNPL opportunity



How emerging technologies
can combat rising fraud



The potential for technology to
further financial inclusion efforts



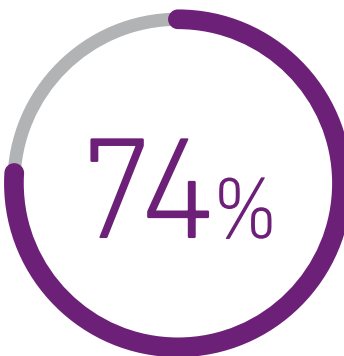
Business priority trends



A changing economic landscape
requires a new approach



Consumers want businesses to take the lead when it comes to security







74% of consumers worldwide agree that businesses should 'take the necessary steps to protect me online rather than me taking the required steps'



Only 25% of consumers worldwide are very confident that businesses will address their concerns related to online security
South Africa shows the biggest growth in confidence over the last six months, rising from 27% to 39% - the highest of any EMEA country.

The top customer priorities for online experiences are:

When it comes to a quality online experience consumers value security more than privacy, convenience and personalisation. Although consumers in some EMEA countries reported that security and privacy are equal or close to being equal priorities.

COUNTRY	 Global	 Norway	 South Africa	 Spain
Security	90%	89%	93%	86%
Privacy	87%	87%	93%	82%
Convenience	60%	40%	79%	42%
Personalisation	46%	20%	57%	33%

Our research indicates that the most effective way for businesses to meet consumer expectations and concerns about security is to take advantage of the opportunity that biometric identity verification presents. By using biometrics to recognise customers, businesses can give themselves a competitive advantage by enhancing the perception of their brand. The benefits of this technology are twofold, as it allows businesses to improve consumer trust while also contributing towards reducing the risk of fraud.



Introduction



The BNPL opportunity



How emerging technologies can combat rising fraud



The potential for technology to further financial inclusion efforts



Business priority trends



A changing economic landscape requires a new approach



The potential for technology to further financial inclusion efforts



Another opportunity resulting from the global increase in cost-of-living expenses is the need for financial inclusion programs and technology that can uncover more creditworthy consumers.

The research shows that a small but meaningful contingent of companies has already embarked on initiatives to improve financial inclusion. Technologies such as Artificial Intelligence (AI) and automated decision management systems will be essential to help scale these programs in the face of an economic shift.

Financial inclusion programs at the ready

1 in 3

businesses are in the process of rolling out financial inclusion initiatives

1 in 5

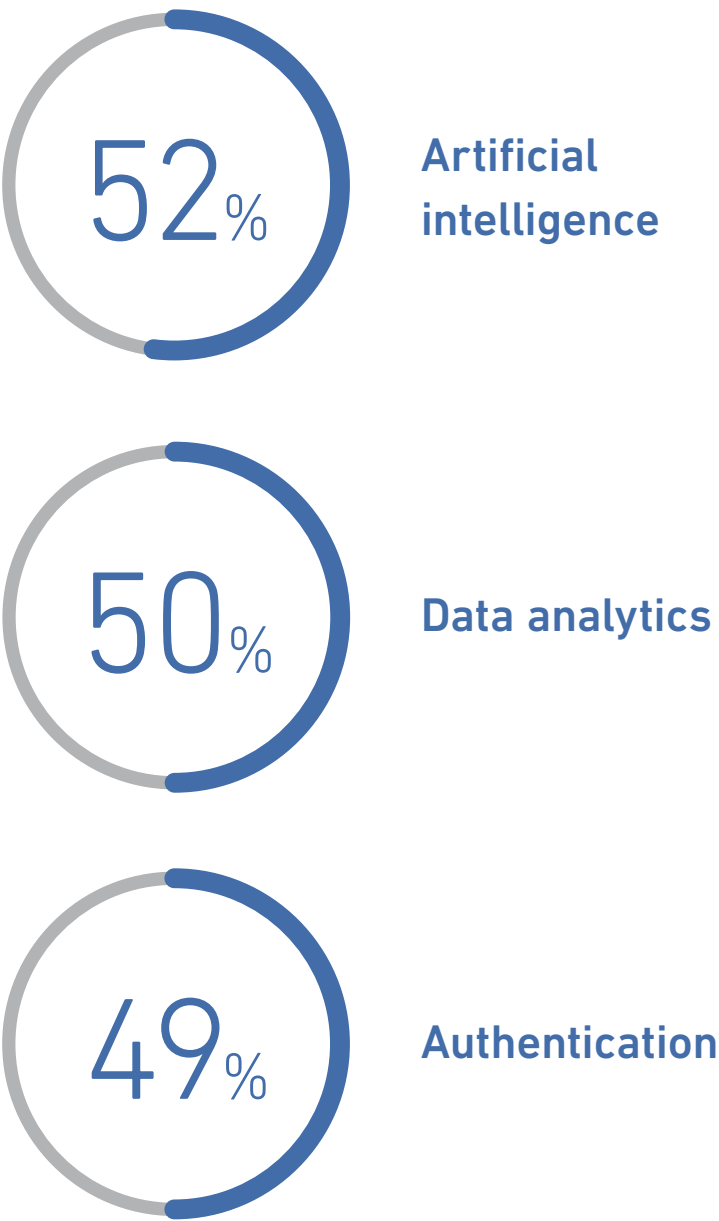
businesses are still in the planning stages

The top priorities for businesses planning financial inclusion strategies are:

- 1. Leveraging technology and business model innovation to scale their initiatives
- 2. Working with private companies to build technology and fuel innovation
- 3. Striving to provide access to responsible and sustainable financial services and products

The top technologies supporting financial inclusion programs

Businesses report they're using the following:



Introduction



The BNPL opportunity



How emerging technologies can combat rising fraud



The potential for technology to further financial inclusion efforts



Business priority trends

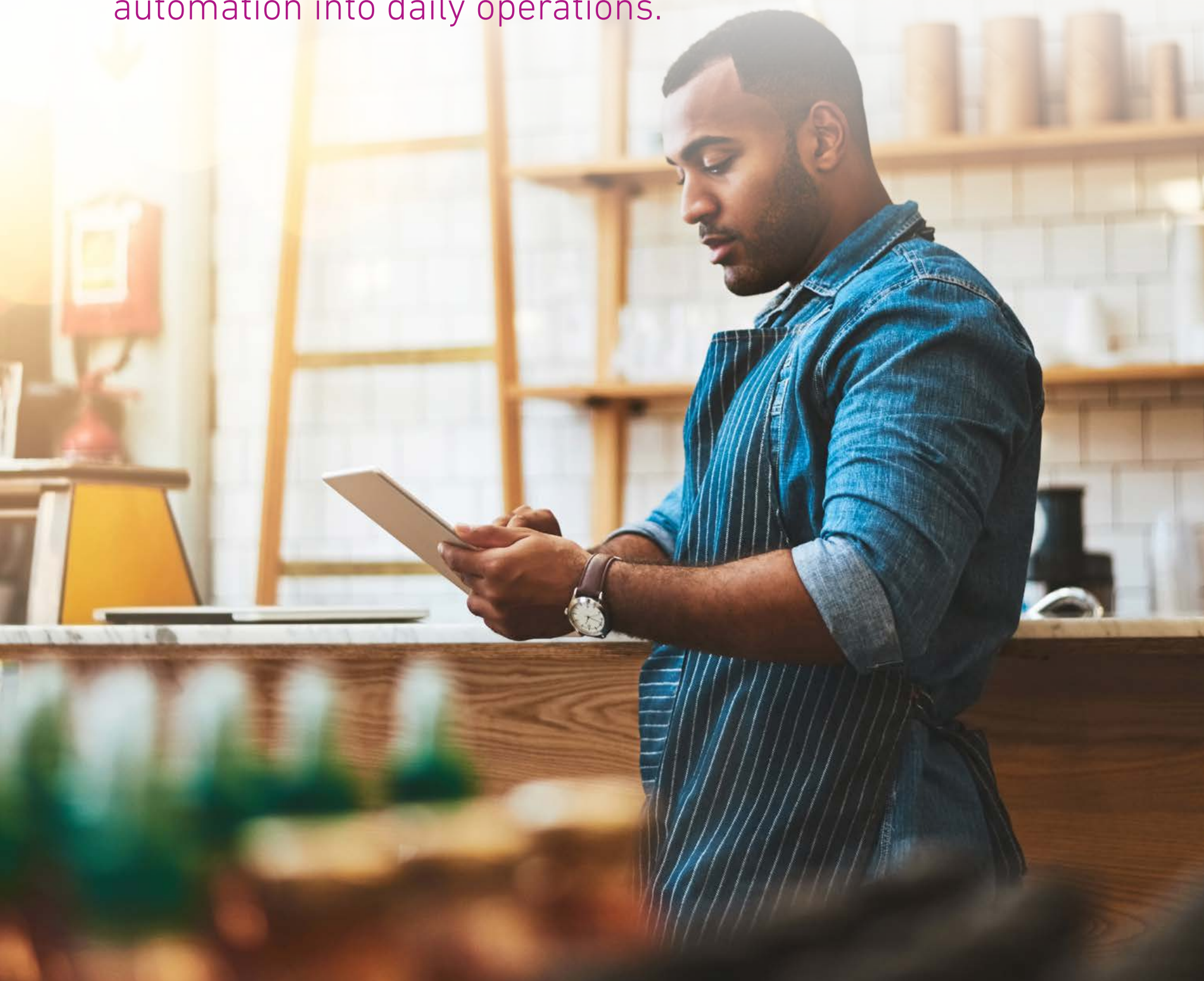


A changing economic landscape requires a new approach



Business priority trends

Global business priorities show a focus on preventing fraud, growing digital customer acquisition, strengthening security, maintaining compliance with regulators, and integrating more automation into daily operations.



In comparison with the first wave of surveys, there is a notable rise in the priority of fraud prevention and detection – with an increase of 8% – making it the number one priority. These figures represent the number of business respondents that stated that this was a ‘very important’ or ‘extremely important’ priority for them.

Top 5 global business priorities

- 94% Investments towards improving the detection and prevention of fraud
- 94% Increasing digital acquisition and digital engagement
- 93% Strengthening the security of mobile/digital channels
- 93% Being able to maintain compliance with regulators
- 93% Integrating more automation into daily operations

Looking at country-specific business priority trends shows a considerable shift in the importance of **Open Banking**, **cloud technology** and **Artificial Intelligence (AI)** for several countries. These increases in priority indicate the relevance of these technologies for many businesses.

Preparing for **Open Banking** and ensuring our organization is in compliance

- **Malaysia** an increase from 78% to 90%
- **Norway** an increase from 60% to 86%
- **The Netherlands** an increase from 67% to 86%

Moving on-premise enterprise software to cloud

- **Italy** an increase from 69% to 86%
- **Australia** an increase from 78% to 86%
- **Malaysia** an increase from 75% to 83%

Implementing new analytics methods and **building new AI models** to improve customer decisions

- **Australia** an increase from 75% to 94%
- **South Africa** an increase from 60% to 85%
- **The Netherlands** an increase from 56% to 77%



Introduction



The BNPL opportunity



How emerging technologies
can combat rising fraud



The potential for technology to
further financial inclusion efforts



Business priority trends



A changing economic landscape
requires a new approach

A changing economic landscape requires a new approach

With global economies facing high inflation rates, labor shortages and other post-pandemic issues, consumers and businesses may need additional tools and resources to maintain financial health. Consider the following guidance to set your organization up for success, despite potential economic headwinds.



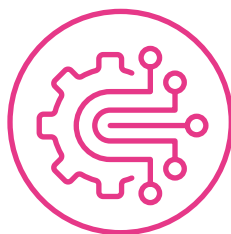
Implement more education around BNPL

Make sure that your customers understand the benefits but also the considerations of BNPL, especially during challenging times when consumers may find themselves overleveraged and unable to make payments.



Prioritise biometric identity verification to deepen consumer trust

Using physical and behavioural biometric software to identify your customers will enhance the perception of your company and help to mitigate the increasing risk of fraud.



Explore how financial inclusion fits in with your credit risk strategy

With the likelihood of more consumers facing economic struggles, create more equitable and inclusive credit models and products to provide them with support and give your business a boost.

The changing global economy presents many challenges for consumers and businesses. The right recognition, authentication and orchestration software can help your company get ahead – and stay in front – of these issues.

To learn more, visit our [Insights Hub](#).

Methodology

Experian routinely conducts third-party survey research among consumers and businesses. The findings in this report are taken from fieldwork that was conducted by Northstar Research Partners in March and June of 2022. The survey results represent over 6,000 consumers and nearly 2,000 business decision-makers across 20 countries, including Australia, Brazil, Chile, China, Columbia, Denmark, Germany, India, Indonesia, Ireland, Italy, Malaysia, the Netherlands, Norway, Peru, Singapore, South Africa, Spain, the UK, and the USA.

Why Experian?

For more than 30 years, Experian Decision Analytics has been managing and enriching customer data to help organisations like yours make better credit risk decisions. Our powerful decisioning products and services combine data intelligence, analytics, software, reporting and consulting to turn insights into actions that improve business performance. We have clients in more than 90 countries and local offices around the world. Our expertise in analytics, software and best practices is market proven and thoroughly global.



Introduction



The BNPL opportunity



How emerging technologies
can combat rising fraud



The potential for technology to
further financial inclusion efforts



Business priority trends



A changing economic landscape
requires a new approach

